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6/12/2019

## **RENTAL HOUSING NOTIFICATION PROGRAM**

**Background:** During 2018 Measure M, an ordinance that would have implemented rent control and just cause for eviction on multi-unit properties and rental complexes in the city of Santa Cruz, was the leading controversial issues in the 2018 election. Although Measure M failed, two pro-measure M candidates were elected and Santa Cruz voted in favor of overturning prop 10 at the state level, which would have allowed single family homes to be considered under rent control regulations. Overwhelmingly, the community of Santa Cruz has expressed the need for policies that would help mitigate the rising cost of rental housing. In particular, the community expressed the need for more data and information around the current status of the rental housing market.

The availability of comprehensive, reliable data forms the bedrock of good public policymaking. Yet despite widespread recognition that Santa Cruz is in the midst of a housing crisis, there is a relatively short supply of widely-accepted, impartial data about the scale and scope of displacement and rent increases throughout the community. Other cities in the Bay Area have similar programs that are used to collect data around rental housing. However in Santa Cruz there is no comprehensive database to quantify the number, frequency, and magnitude of rent increases, notices to quit, and evictions. This lack of information has hindered public dialogue and at times functioned as an impediment in the evaluation of current housing policies. Equipped with a nonpartisan, data-driven analysis of city's rental market, elected officials (as well as the general public) will be well situated to make informed decisions about housing policies that will be tailored to the city's unique circumstances.

**The Policy:** The city can address this information-gap by implementing a simple, easy-to-administer ordinance that gathers data about the most salient pressures in the rental housing market. State law already requires that landlords provide tenants with a written notice in order to terminate a tenancy or raise the rent, and the city could mandate that landlords provide a copy of these notices to the City. Importantly, such a policy would not regulate whether or how a landlord is able to serve a notice to quit, evict a tenant, or raise the rent; landlords will simply have to notify the City when they do so. However, failure to notify the City and provide the tenant with confirmation of submitting rent increases, notices to quit, and eviction would invalidate any rent increase, notice to quit, or eviction notice.

By collecting this data, the City would be able to precisely answer important questions like how many people are being evicted/ served notices to quit? What are the primary reasons that tenants are being evicted/ served notices to quit? How large is the average rent increase? How

often are rents being raised? Are there specific neighborhoods facing greater displacement pressures? By simply collecting information that is already required by the state to be exchanged between tenants and the owners and operators of rental units, we could begin to answer these vital questions. An online system for submitting lease agreements, rent increases, notices to quit, and eviction notices, would also enhance the efficiency for collecting this information and provide rapid turn around for providing owners and operators of rental units with confirmation of receiving the notices.

Purposes:

1. Document the number of rent increases, notices to quit, and evictions occurring in the City on a monthly and/or annual basis and the percentage of rental units where evictions occur.
2. Provide the City and the public with information regarding the number and percentage of monthly and annually rent increases, notices to quit, and evictions in the City of Santa Cruz.
3. Provide data on the extent and seriousness of rent increases and evictions in the City.

Application:

1. This applies to rental units registered with the City pursuant to the Residential Rental Dwelling Unit Inspection and Maintenance Programs.

Provisions:

1. Upon executing a lease or rental agreement, a landlord will submit the signed lease agreement to the city. Upon the City receiving the lease agreement, both the landlord and tenant will receive email confirmation from the City acknowledging the receipt of the lease submission.
2. At the time an owner or operator of a rental unit registered with the City notifies their tenant(s) of a proposed rent increase, the owner or operator shall submit an online form and letter signed by the landlord, provided by the city's planning and community development department (department) containing the following information: first name of owner or operator, last name of owner or operator, first name of tenant(s), last name of tenant(s), dwelling address, date of move in, the current rent, the proposed rent increase, date of last rent increase, date the rent increase is proposed to take effect, reasons for increasing rent, any supporting documents in the case of increases for the purposes of a return on investment due to maintenance or upgrades.

3. At the time an owner or operator of a rental unit registered with the City provides a notice to quit to their tenant(s), the owner or operator submit a form provided by the department containing information regarding the following information: first name of owner or operator, last name of owner or operator, first name of tenant(s), last name of tenant(s), dwelling address, date of move in, the current rent, date of the proposed notice to quit and the basis for the notice to quit.
4. The owner or operator of a rental unit registered with the City provides an eviction notice to their tenant or tenants, the owner or operator submit a form provided by the department containing information regarding the following information: first name of landlord or property manager, last name of landlord or property manager, first name of tenant (s), last name of tenant(s), dwelling address, date of move in, the current rent, date of the proposed eviction and the cause of the eviction.
5. Verification of rental increase, notice to quit, or eviction notice submission shall be provided to the tenant in order for the rental increase, notice to quit, or eviction notice to be valid.
6. The department shall maintain a database containing the number of rent increases and the percentage rental increases. On a monthly and annual basis, the department shall publish a report on their website containing the number of rent increases, the average percentage increase in rents and the percentage of rental units receiving an increase.
7. The department's database shall also contain the number of eviction notifications and notices to quit received each month, which shall be included in the report published on their website.
8. The information submitted by owners and operators of rental units shall be considered confidential, except that a tenant may obtain information on their unit upon providing the department with verification of their status as a tenant.

**Enforcement:**

1. Rental increases, notices to quit, and eviction notices would be invalid if the owner or operator does not provide the tenant with verification and confirmation of having submitted the appropriate notification form to the City.

**Chapter 21.06 - RESIDENTIAL RENTAL DWELLING UNIT INSPECTION AND MAINTENANCE PROGRAM**

**21.06.030 SCOPE**

- A. The provisions of this chapter shall apply to all owners of one or more residential rental dwelling units located within the city of Santa Cruz.



- B. **The provisions of this chapter shall not apply to legal accessory dwelling units**, rooms rented to single individuals in an owner-occupied single-family residence, hotel or motel units subject to the transient occupancy tax ordinance codified at Chapter [3.28](#), units inspected by another governmental authority for housing and safety standards, newly constructed multiple dwelling units (including townhouse dwelling groups and condominium projects that are rented) for a period of five years from the issuance of certificate of occupancy, and **mobile home parks**.

#### **21.06.040 RESIDENTIAL RENTAL DWELLING UNIT INSPECTION PROGRAM REGISTRATION.**

- A. **Each owner or operator, on behalf of the owner, shall initially register for the residential rental dwelling unit inspection program** on a form provided by the city's planning and community development department. Initial registration of residential rental dwelling units which are subject to this chapter shall be due within sixty days of January 1, 2011. Registration of residential rental dwelling units which become subject to this chapter after the effective date of the ordinance codified in this chapter shall be due within sixty days of the date that the residential rental dwelling unit was acquired or converted into a residential rental dwelling unit after January 1, 2011.

### **Chapter 5.04 - BUSINESS LICENSES AND FEES**

#### **5.04.030 DEFINITIONS.**

- (1) "Apartment" means a room or suite of rooms which is designed to be occupied by one family for living or sleeping purposes in an apartment house.
- (2) "Apartment house" means a building in which three or more families are living independently of each other.
- (3) **Average Number of Persons Employed.** Whenever in this chapter the annual license tax is based upon the "average number of persons employed" it shall mean the average number of employees engaged during the three-month period of maximum employment, excluding therefrom temporary seasonal employees not employed for a period in excess of two weeks.
- (4) "Business" includes any economic activity engaged in or caused to be engaged in within the city, including any commercial or industrial enterprise, trade, profession, independent contractor, occupation, vocation, calling, or livelihood, including without limitation the rental or lease of apartment houses, commercial, industrial or other nonresidential real estate, and the operation of games, machines or mechanical devices.

#### **5.04.040 BASIC BUSINESS LICENSE CLASSIFICATION AND TAX RATE**

- (1) Class A. Each retail, wholesale, contract, construction and manufacturing business, and each business for which no other classification is provided in this section, shall be

treated as a Class A business. Each Class A business shall pay an annual basic license fee of \$145.15, in addition to the annual payment of an amount determined by multiplying the average number of employees by \$2.55.

- (2) Class B. Each service business, hotel and motel, apartment house, each business engaged in the leasing or renting of commercial or industrial space, each ambulance business and each business engaged in providing recreation and entertainment services and facilities, shall be treated as a Class B business. Each Class B business shall pay an annual basic license fee of \$145.15, in addition to the annual payment of an amount determined by multiplying the average number of employees by \$4.95.